

carefully explained why the rejection is not applicable to pending claims 35-91.

Accordingly, as will be discussed in detail below, it is believed that the application is clearly in condition for allowance.

### ***Specification***

The specification has been amended to remove a minor informality regarding incorrect references to Figure 9A or 9B which should have been to Figure 11A or 11B.

### ***Response to Amendment***

Applicant notes from Section 2, that the Office Action is responsive to applicant's Amendment filed March 21, 2001 and appreciates that said amendment has now been considered and acted upon.

### ***Apparently Allowable Subject Matter***

No objection to or rejection of dependent Claims 36-43, 45-63, 65-67, 69-74, 76-80, and 83-91 has been made. Noting that piecemeal examination is to be avoided, pursuant to MPEP 707.07(g), it appears that the Office recognizes that Claims 36-43, 45-63, 65-67, 69-74, 76-80, and 83-91 define patentable subject matter. Confirmation of the allowability of Claims 36-43, 45-63, 65-67, 69-74, 76-80, and 83-91 is respectfully requested.

solves the problem of endorsement capture by providing a novel paper financial instrument suitable for electronic capture which instrument has a face which comprises a documentary area containing essential information that characterizes the instrument and a transaction window for transactional and historical information, the document ing and transaction areas being distinct one from the other. Payment draft 10, as shown in Figure 6 and the bills of exchange shown in Figures 11A-B (to be described hereinbelow) comprise three embodiments of such a financial instrument. Others will be apparent to those skilled in the art.

*Page 52, lines 15-19:*

The sample bill of exchange forms shown in Figures 11A and 11B embody the particulars described above including, on its lefthand side areas for entry of transaction identifiers and buyer information, which areas are distinct from the bill of exchange itself. In this case the buyer is an importer, and the seller is an exporter.

#### **R E M A R K S**

In the outstanding Office Action, claims 35-91 were presented for examination. Rejected was advanced on the basis of 35 U.S.C. §101 against claims 35-91 as lacking utility.

The Office Action has been most carefully studied. In this paper applicant has

carefully explained why the rejection is not applicable to pending claims 35-91.

Accordingly, as will be discussed in detail below, it is believed that the application is clearly in condition for allowance.

### ***Specification***

The specification has been amended to remove a minor informality regarding incorrect references to Figure 9A or 9B which should have been to Figure 11A or 11B.

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No objection to or rejection of dependent Claims 36-43, 45-63, 65-67, 69-74, 76-80, and 83-91 has been made. Noting that piecemeal examination is to be avoided, pursuant to MPEP 707.07(g), it appears that the Office recognizes that Claims 36-43, 45-63, 65-67, 69-74, 76-80, and 83-91 define patentable subject matter. Confirmation of the allowability of Claims 36-43, 45-63, 65-67, 69-74, 76-80, and 83-91 is respectfully requested.

In this respect, it is noted that the Office Action Summary appears to be inconsistent with the Office Action itself: the latter contains no rejection of, or objection to, dependent Claims 36-43, 45-63, 65-67, 69-74, 76-80, and 83-91.

***Traversal of Claim Rejections under 35 U.S.C. §112***

Independent claims 35, 44, 64, 68, 75, 81 and 82 are rejected under 35 USC §112 for failure to specifically point and distinctly state what applicant regards as his invention. This rejection is respectfully traversed. Claims 35, 44, 64, 68, 75, 81 and 82, as filed on March 21, 2001, are believed to specifically point and distinctly state applicant's invention. As pointed out in the last two lines of page 24 of the Amendment filed March 21, 2001, the new claims were carefully written to avoid any questions under 35 USC §112. Accordingly, this rejection is believed to be clearly without foundation. Reconsideration and withdrawal of the rejection under 35 U.S.C. §112 are respectfully requested.

***Traversal of Claim Rejections under 35 U.S.C. §101***

Independent claims 35, 44, 64, 68, 75, 81 and 82 are rejected as lacking patentable utility under 35 U.S.C. §101 because the claimed invention "lacks specificity ... as to how one would implement the invention and reduce it to concrete, tangible and utilitarian form." This rejection is also respectfully traversed.

More particularly, as will be explained in detail hereinafter, applicant believes that all of claims 35-91 clearly meet the requirements for patentability of 35 USC §101. Thus claims 35-91 claim inventions which provide "useful, concrete and tangible" results; which is what applicant understands the currently prevailing law to require.

However, the Office reasons that independent claims 35, 44, 64, 68, 75, 81 and 82 "lack specificity...as to how one would implement the invention". This objection is respectfully not understood. Reconsideration is requested. It is not the function of the claims to teach the implementation of the invention. 35 USC §112 paragraph one requires that the *specification*, rather than the claims, provide an enabling description of the invention. 35 USC §112, paragraph two, calls for "one or more claims particularly pointing out and distinctly claiming the subject matter which applicant regards as his invention." Applicant believes that claims 35-91 meet this requirement.

Also, the Office objects that "the claimed invention lacks specificity....as to how one would ... *reduce* it to concrete, tangible and utilitarian form." This objection is respectfully not remotely understood because it has no statutory basis of which applicant is aware. Again, teaching the reduction of the invention to practice is a function of the specification not the claims. However, in order to advance the prosecution of the application, Applicant has therefore understood the rejection under 35 USC §101 to be based upon an alleged lack of useful concrete and tangible *result* in

the practical application of the claimed invention. Should this be an incorrect understanding of the Office's intent, The Office is respectfully requested to reformulate the rejection in a nonfinal action.

Thus, as best understood by applicant, the Office's rejection relies upon cases finding in favor of patentability where the courts found that the practical application of an abstract idea produced a useful, concrete and tangible result. This then satisfied the requirements of 35 U.S.C. 101. In *re Alappat.*, 31 USPQ 2d 1545, 1558 (Fed. Cir. 1994); *State Street Bank & Trust Co. v. Signature Financial Group Inc.*, 47 USPQ2d 1596, 1601-02 (Fed. Cir. 1998).

As set forth in "35 U.S.C. 101 Training Materials" presented by Vincent Millin, Tariq Hafiz, Jim Trammell and Robert Olszewski and available at <http://www.uspto.gov/web/menu/pbmethod/>, at the date of this Amendment:

...the fundamental test for patent eligibility is to determine whether the claimed invention produces a "useful, concrete and tangible result." The test for practical application as applied by the examiner involves the determination of the following factors: (*see page 18*)

"Useful"

The Supreme Court in *Diamond v. Diehr* requires that the examiner look at the claimed invention as a whole and compare any asserted utility with the claimed invention to determine whether the asserted utility is accomplished. Applying utility case law the examiner will note that:

- (a) the utility need not be expressly recited in the claims, rather it may be inferred;
- (b) if the utility is not asserted in the written description, then it must be well established;
- (c) a specific, substantial and credible utility must be accomplished. (*see page 19*)

"Concrete"

Another consideration is whether the invention produces a "concrete" result. Usually, this question arises when a result cannot be assured. An appropriate rejection under 35 U.S.C.

101 should be accompanied by a lack of enablement (35 U.S.C. 112 first paragraph) rejection, because the invention cannot operate as intended without undue experimentation (*see page 20*).

**"Tangible"**

Applying *In re Wamerdam*, 33 F.3d 1354; 31 USPQ2d 1754 (Fed. Cir. 1994), the examiner will determine whether there is simply a mathematical construct claimed, such as a disembodied data structure and method of making it. If so, the claim involves no more than a manipulation of an abstract idea and therefore, is nonstatutory under 35 U.S.C. 101. In contrast, a claimed computer-readable medium encoded with a data structure defines structural and functional interrelationships between the data structure and the computer software and hardware components which permits the data structure's functionality to be realized, and is statutory. (*Ibid*, page 21.)

***Claim 35 Provides a Useful, Concrete and Tangible Result***

Claim 35 is directed to a trade finance method for financing the sale of a traded product supplied by a seller to a buyer which method comprises elements a) and b). Element a) calls for the buyer to provide an event-activated prerelease payment draft to the seller or the seller's agent prior to release of the traded product from the seller's control. The event-activated prerelease payment draft is defined as being payable to the seller's order and as ordering payment for the traded product, to be made within an event-activated term. Thus, as is apparent from the claim and is extensively taught in the specification, the event-activated prerelease payment draft is a negotiable instrument for financing the sale of the traded product. Element b) recites the seller releasing the traded product for delivery to the buyer.

Turning now to the test for patentability under 35 USC §101, and the requirement in the test identified above that the claimed invention provide a "useful, concrete and tangible result" financing of the traded product by means of the event-

activated prerelease payment draft is clearly "a specific, substantial and credible utility". Accordingly, claim 35 clearly satisfies the "useful" requirement.

Furthermore, as explained in the written description of the invention in the specification, for example at page 12, lines 1-12, the invention has additional utility in the novel benefits that it provides. For example, the invention makes it possible, for the first time, for the seller to have a negotiable financial instrument in hand before releasing the traded product, without the buyer being exposed to liability for payment to a seller who fails to release the product. These benefits are attributable to the novel characteristics of applicant's latent payment draft, as defined in claim 35. Page 12, lines 1-12 of the specification, read as follows:

The payment draft is thus a prerelease payment draft, issued prior to release of the product by the seller or prior to such other triggering event as may be determined or agreed by the seller or buyer. Yet the payment draft is not a pre-payment. For one reason it is not immediately negotiable, because it is a latent draft which is for the moment inactive, becoming active when the triggering event occurs. Unlike a conventional pre-payment where the seller can obtain the proceeds before shipment, with the inventive method, if the seller does not cause the triggering event to occur, (assuming the event to be seller-controlled, which is preferred but not essential) the prerelease payment draft is not activated and cannot be cashed or otherwise negotiated. Unlike a post-dated check, whose date may pass before the event occurs, the event-triggered draft employed in the invention does not put the buyer at risk.

With regard to the "concrete" requirement, there is no question of the result produced by the invention claimed in claim 35, namely the financing of a traded product, not being "assured", and no such question has been raised. Nor can there be any question about the concreteness of the result produced by the invention claimed in claim 35 after reading the detailed disclosures in applicant's specification. The



specification provides extensive teachings of the practice of the invention, including, for example, Figures 5-6 and the related description at page 30, line 8 to page 34, line 22; Figures 7-8 and the related description at page 40, line 29 to page 47, line 29; and elsewhere throughout the specification. Accordingly, the advantageous result of the invention of claim 35 is concrete.

Release of the traded product, pursuant to element b) of claim 35 is clearly "tangible": there is no question of there being "simply a mathematical construct claimed"; there is no disembodied data structure nor mere manipulation of an abstract idea. In contrast, claim 35 defines structural and functional relationships in the payment draft and between the payment draft and the operations of the buyer and seller with respect to the traded product and payment for the traded product, which relationships permit the payment draft's functionality to be realized. Clearly, the release of the traded product and the consequential liability for payment for the product are tangible results that flow from these relationships.

Thus, claim 35 produces a useful, concrete and tangible result, and clearly meets the requirements for patentability under 35 USC §101. Allowance of claim 35 is respectfully requested.

The concrete, tangible and useful result of claim 35 may be favorably compared

with that in the case of *AT&T Corp. V. Excel Comm. Inc.* 50 USPQ2d 1447, 1452 (Fed. Cir. 1999) where the Court held that the claims constituted patentable subject matter under 35 U.S.C. 101 even though the billing value was derived using a simple Boolean mathematical principle. The Court noted that the patent does not claim the Boolean principle nor try to preclude its use in any other application, and that the "process applies the Boolean principle to produce a useful, concrete, tangible result without preempting other uses of mathematical principle." The useful result (in *AT&T Corp. V. Excel Comm. Inc.*) is lower long distance bills when calling people who use the same long distance service provider.

While no rejection of, or objection to dependent Claims 36-43 has been made, applicant notes for the record that Claims 36-43 depend from base claim 35, and are therefore allowable with claim 35 for the reasons that claim 35 is allowable. Dependent claims 36-43 furthermore each recite additional subject matter providing or contributing to the useful, concrete and tangible result of claim 35. Claims 36-43 are therefore furthermore patentable under 35 USC §101, in each case for the additional subject matter recited. For these reasons, allowance of claims 36-43 is believed clearly merited and is respectfully requested.

More particularly, by way of example, Claim 42 specifically recites, *inter alia*, the application of the invention of the invention of claim 35 to the useful, concrete and

tangible result of financing shipment of goods from an exporter-shipper in one country to a buyer-importer in another country, which is accordingly still more clearly patentable subject matter.

***Claims 44-81 Also Provide Useful, Concrete and Tangible Results***

Claim 44 is also directed to a trade finance method which makes it possible, for the seller to have a negotiable financial instrument in hand, in this case a first bill of exchange, before releasing the traded product, without the buyer being exposed to liability for payment to a seller who fails to release the product. Thus, claim 44 provides a useful, concrete and tangible result and is clearly patentable under 35 USC §101, or any other statutory provision, for the reasons that claim 35 was patentable.

Furthermore, claim 44 recites a second bill-of-exchange which provides additional useful, concrete and tangible results, as explained in applicant's specification. Claim 44 is accordingly still more clearly patentable under 35 USC §101, or any other statutory provision for this subject matter not found in claim 35.

While no rejection of, or objection to dependent Claims 45-63 has been made, applicant notes for the record that Claims 45-63 depend from base claim 44, and are therefore allowable with claim 44 for the reasons that claim 44 is allowable. Dependent claims 45-63 furthermore each recite additional subject matter providing or

contributing to the useful, concrete and tangible result of claim 35. Claims 36-43 are therefore furthermore patentable under 35 USC §101, in each case for the additional subject matter recited. For these reasons, allowance of claims 45-63 is believed clearly merited and is respectfully requested.

More particularly, by way of example, Claim 55 specifically recites the application of the invention to an international trade transaction wherein, *inter alia*, preapproval of the substitution of a banker's acceptance for the first bill of exchange is obtained; which is accordingly still more clearly patentable subject matter.

In the light of the foregoing arguments, claims 64-81, though not identical in scope with any of claims 35-63, nevertheless, when carefully considered, can be seen to be clearly patentable under 35 USC §101, or any other statutory provision, for reasons similar to the reasons why claim 35 is patentable and for the additional reasons provided by the additional subject matter they recite. For these reasons, allowance of claims 64-81 is believed clearly merited and is respectfully requested.

***Claims 82-87 Provide Useful, Concrete and Tangible Results***

Claim 82 is directed to a financial instrument comprising a bill of exchange document executed by a buyer and payable to a seller and which is event-activated in a manner defined in the claim.

The bill of exchange defined in claim 82 can be employed in a finance method such, for example, as that defined in claim 35, to provide the useful result of enabling the seller to have a negotiable financial instrument in hand before releasing the traded product, without the buyer being exposed to liability for payment to a seller who fails to release the product, as explained hereinabove.

The concreteness of the result provided by the financial instrument claimed in claim 82 has also been explained hereinabove and in applicant's specification, beyond any reasonable doubt.

Furthermore, the result provided by claim 82 is believed clearly "tangible": there is no question of there being "simply a mathematical construct claimed"; nor is there any disembodied data structure nor mere manipulation of an abstract idea. In contrast, claim 82 defines structural and functional relationships in the claimed financial instrument and between the financial instrument and the operations of the buyer and seller with respect to the traded product and payment for the traded product, which relationships permit the financial instrument's functionality to be realized.

The functional relationship of the data structure with the buyer and seller and one or more financial institutions to the transactions in which the claimed financial instrument may be employed are apparent by way of one example from Figure 6, and

from the description in the specification, for example at page 30, line 28 to page 32, line 28, and elsewhere in the specification. One such functional relationship is explained at page 31, lines 21-23, as follows:

In the example shown, the term 26 of prerelease draft 10 runs from the shipment date, event 28. Accordingly, prerelease draft 10 is dormant until the traded product is shipped, which event activates the draft.

The financial character of the draft changes significantly when the traded product is shipped or otherwise released. Another such relationship is explained at page 31, lines 7-14, as follows:

Of note is that payment draft 10 calls for the buyer's signature 22 to be applied, indicating acceptance of payment draft 10 by the buyer. When signed by the buyer payment draft 10 becomes a trade acceptance. The date 24 when buyer B's signature 22 is applied is independent of the date of application of seller S's signature and commonly, but not necessarily, will be a later date. Prior to application of B's signature 22, prerelease draft 10 comprises an offer to do business by the seller, on condition of payment within a term to be triggered by the event of release, shipment or delivery of the traded product, whichever is specified.

Clearly, the result provided by the invention claimed in claim 82 is also tangible. Accordingly, claim 82 produces a useful, concrete and tangible result, and meets the requirements for patentability under 35 USC §101. Allowance of claim 82 is believed clearly merited and is respectfully requested.

While no rejection of, or objection to dependent Claims 83-87 has been made, applicant notes for the record that Claims 82-87 depend from base claim 82, and are therefore allowable with claim 82 for the reasons that claim 82 is allowable. Dependent claims 82-87 furthermore each recite additional subject matter providing or

contributing to the useful, concrete and tangible result of claim 82. Claims 82-87 are therefore furthermore patentable under 35 USC §101, in each case for the additional subject matter recited. For these reasons, allowance of claims 82-87 is believed clearly merited and is respectfully requested.

More particularly, by way of example, Claim 83 specifically recites the presence of a transaction window for transaction identifiers permitting identification of the transaction. As explained at page 31, line 24 to page 32, line 12, and in particular at page 32, lines 9-12, of the specification, the transactional identifiers are employed functionally, during the life of the instrument (prerelease draft 10), to

ensure that any particular shipment is the proper shipment to activate prerelease draft 10 and the completeness of the transaction identifiers indicates the progress of the transaction on the bill.

Furthermore, claims 83-87 relate to combinations of multiple financial instruments which interact functionally with each other, and with the parties to the relevant transactions, as is explained in the specification and as is apparent from the additional subject matter each claim recites.

### ***Remarks Regarding Response to Arguments***

The Office asserts that "the new grounds of rejection (were) necessitated by applicant's new claims." Applicant respectfully disagrees. The new grounds of rejection comprise the lack of patentable utility rejection under 35 USC §101. However,

no reason is seen, and none has been given as to why such rejection was not made earlier. The reason is certainly not applicant's amendment, in applicant's view. Claims 35-91 omit nothing of relevance to patentability under 35 USC §101 that was present in, for example, canceled claim 26. Thus, Applicant is not aware of any reason why new claims 35, 44, 64, 68, 75, 81 and 82 should be subject to rejection under 35 USC §101 whereas canceled claim 26 or other ones of canceled claims 1-34 were not.

The following comparison table as between canceled claim 26 and claim 35, shows that claim 35, while not being of the same scope as claim 26, nor necessarily being narrower than claim 26, nevertheless clearly incorporates all the subject matter of canceled claim 26 that could be relevant to patentability under 35 USC §101.

TABLE SHOWING WHERE THE ELEMENTS OF CANCELED CLAIM 26 MAY BE FOUND IN CLAIM 35	
Canceled Claim 26	Claim 35
A trade finance method for financing the sale of a traded product supplied by a seller to a buyer (wherein)	<i>lines 1-2:</i> A trade finance method for financing the sale of a traded product supplied by a seller to a buyer
prior to supply of the traded product by the seller, the buyer provides to the seller or the seller's agent, a buyer-executed payment draft	<i>lines 3-5:</i> a) the buyer providing an event-activated prerelease payment draft to the seller or the seller's agent prior to release of the traded product from the seller's control; <i>and</i> <i>line 7:</i> is executed by the buyer
ordering payment for the traded product to be made at maturity of a term,	<i>lines 9-10:</i> iii) orders a payment, being payment for the traded product, to be made within a term



wherein the term is triggered by an event occurring subsequently to buyer execution of the draft.	lines 10-12: a term commencing with a specified activating event intended by the buyer and the seller to occur subsequently to execution of the payment draft by the buyer;
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Accordingly, any rejection under 35 USC §101 applicable to claim 35, and no such rejection is believed applicable, as explained hereinabove, would be applicable to canceled claim 26. Therefore, the rejection of claim 35 under 35 USC §101 was not necessitated by applicant's amendment, in applicant's view. Equivalent remarks may be made regarding others of pending claims 35-91 but are not deemed necessary to support applicant's position in this respect.

#### *Request for Withdrawal of Finality*

Given that applicant's amendment did not necessitate the 35 USC §101 rejection, and that the rejection could have been made earlier, as explained hereinabove, applicant respectfully requests that the finality of the Office Action dated May 22, 2001 be withdrawn as being premature. See MPEP 706.07(a), paragraph two.

#### *Summary*

Applicant believes the new ground of rejection under 35 USC §101 has been convincingly traversed. There being no other rejections or objections, and since piecemeal examination is to be avoided, pursuant to MPEP 707.07(g), claims 35-91 herein are believed clearly allowable.

In view of the above amendments and the discussion relating thereto, it is respectfully submitted that the instant application, is in condition for allowance. Such action is most earnestly solicited. If for any reason the Examiner feels that consultation with Applicant's attorney would be helpful in the advancement of the prosecution, he is invited to call the telephone number below for an interview.


Respectfully submitted,

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I hereby certify that this paper is being facsimile transmitted to the Patent and Trademark Office on July 5, 2001

  
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**Version of Amended Specification Paragraphs with Markings  
to Show Changes Made**

51 (line 25) → Page 52 (line 4-13)  
Page 50, lines 4-13:

While other solutions may be known or may become known, and can be employed in the general method of the invention, a further, more particular aspect of the invention solves the problem of endorsement capture by providing a novel paper financial instrument suitable for electronic capture which instrument has a face which comprises a documentary area containing essential information that characterizes the instrument and a transaction window for transactional and historical information, the documenting and transaction areas being distinct one from the other. Payment draft 10, as shown in Figure 6 and the bills of exchange shown in Figures 911A-B (to be described hereinbelow) comprise three embodiments of such a financial instrument. Others will be apparent to those skilled in the art.

54 (line 10-14)  
Page 52, lines 15-19:

The sample bill of exchange forms shown in Figures 911A and 911B embody the particulars described above including, on its lefthand side areas for entry of transaction identifiers and buyer information, which areas are distinct from the bill of exchange itself. In this case the buyer is an importer, and the seller is an exporter.